

Notice of Rulemaking Hearing

Tennessee Real Estate Appraiser Commission - 1255

There will be a hearing before the State of Tennessee Real Estate Appraiser Commission to consider the promulgation of amendments to rules pursuant to Tennessee Code Annotated §§62-39-203, 62-39-204. The hearing will be conducted in the manner prescribed by the Uniform Administrative Procedures Act, Tennessee Code Annotated §4-5-204, and will take place in Room 640 of the Davy Crockett Tower located at 500 James Robertson Parkway, Nashville, Tennessee 37243 at 9:00AM (Central Standard Time) on the sixteenth (16th) day of May, 2007.

Any individuals with disabilities who wish to participate in these proceedings (review these filings) should contact the Department of Commerce and Insurance to discuss any auxiliary aids of services needed to facilitate such participation. Such initial contact may be made no less than ten (10) days prior to the scheduled meeting date (the date the party intends to review such filings), to allow time for the Department of Commerce and Insurance to determine how it may reasonably provide such aid or service. Initial contact may be made with the Department of Commerce and Insurance's ADA Coordinator, Don Coleman, at Davy Crockett Tower, 500 James Robertson Parkway, 5th Floor, Nashville, Tennessee 37243 at (615) 741-6500.

For a copy of this notice of rulemaking hearing, contact the Tennessee Real Estate Appraiser Commission, attention Nikole Urban, 500 James Robertson Parkway, Davy Crockett Tower, 6th Floor, Nashville, Tennessee 37243 at (615) 741-1831.

Substance of Proposed Rules

Chapter 1255-01 General Provisions

Amendments

Rule 1255-01-.05 Qualifications for State Licensed Appraiser is amended by deleting the text of the rule in its entirety and substituting instead the following language, so that, as amended the rule shall read:

1255-01-.05 Qualifications for State Licensed Appraiser.

- (1) An applicant for a state licensed real estate appraiser license who has satisfied the prerequisites for certification provided in rule 1255-01-.07 or rule 1255-01-.08 will also satisfy the requirements of this rule. All other applicants for a state licensed real estate appraiser license shall first register as a registered trainee with the Commission and complete the training requirements established in rule 1255-01-.12. An applicant shall then satisfy all of the following education, experience and examination requirements:
 - (a) General Education. An applicant shall satisfy the following general education requirements as a prerequisite for licensure as a state licensed real estate appraiser.
 1. High school diploma or its equivalent. (An applicant who has not obtained a high school diploma or its equivalent may apply and have his or her educational background reviewed on an individual basis).

- (b) Appraisal Education. An applicant shall satisfy the following appraisal education requirements as a prerequisite to sit for the state licensed appraiser examination:
1. One hundred fifty (150) classroom hours of courses in subjects related to real estate appraisal (hereinafter, "qualifying education requirement") which shall include:
 - (i) Successful completion of fifteen (15) hours of the National Uniform Standards of Professional Appraisal Practice Course or its equivalent. Equivalency shall be determined by the Appraiser Qualifications Board Course Approval Program or by an alternate method established by the Appraiser Qualifications Board;
 - (I) The Commission shall grant an applicant credit toward the qualifying education requirement for the National Uniform Standards of Professional Appraisal Practice Course only when at least one of the course instructors is an AQB Certified USPAP Instructor who is also a state certified residential real estate appraiser or state certified general real estate appraiser;
 - (ii) Successful completion of a thirty (30) hour course in Appraisal Principles; and
 - (iii) Successful completion of a thirty (30) hour course in Appraisal Practice or Procedures;
 - (iv) Successful completion of a fifteen (15) hour course in Residential Market Analysis and Highest and Best Use;
 - (v) Successful completion of a fifteen (15) hour course in Residential Appraiser Site Valuation and Cost Approach;
 - (vi) Successful completion of a thirty (30) hour course in Sales Comparison and Income Approaches;
 - (vii) Successful completion of a fifteen (15) hour course in Residential Report Writing and Case Studies.
 2. A course hour is defined as fifty (50) minutes of teaching out of each sixty (60) minute segment.
 3. The Commission may grant credit toward the qualifying education requirement only where the length of the educational offering is at least fifteen (15) hours and the individual successfully completes an examination pertinent to that educational offering.
 4. An applicant may obtain credit for the qualifying education requirement from any of the following educational providers:
 - (i) colleges or universities;

- (ii) community or junior colleges;
 - (iii) real estate appraisal or real estate related organizations;
 - (iv) state or federal agencies or commissions;
 - (v) proprietary schools; or
 - (vi) other providers approved by the Commission.
5. An applicant may refer to Chapter 1255-02 Evaluation of Education for further delineation of qualifying educational requirements.
 6. In the event of a denial, an applicant for licensure may file a written request for reconsideration with the Commission, appealing the Commission's evaluation of the applicant's education. The Commission shall consider the filed written request for reconsideration and reevaluate the applicant's education. In the event that the applicant's application for licensure is denied after the education reevaluation, then the denial shall not create a contested case proceeding (as defined by the Tennessee Administrative Procedures Act, Tenn. Code Ann., Title 4, Chapter 5), and the applicant may then reapply for licensure.
- (c) Experience. An applicant shall satisfy the following experience requirements as a prerequisite for licensure as a state licensed real estate appraiser:
1. An applicant shall complete a minimum of two thousand (2,000) hours of appraisal experience over a period of at least twenty-four (24) months preceding the date of the application to the Commission. The Commission shall treat the hours accumulated over the twenty-four (24) months as cumulative. An applicant shall complete the minimum of twenty-four (24) months of appraisal experience under the direct supervision of an appraiser certified by a real estate appraiser commission or board in any state. The experience must be sufficient to indicate to the Commission that the applicant is competent in the Uniform Standards of Professional Appraisal Practice. Acceptable experience includes, but is not limited to the following: fee and staff appraisal, ad valorem tax appraisal, condemnation appraisal, technical review appraisal, appraisal analysis, real estate consulting, highest and best use analysis, and feasibility analysis/study.
 2. The applicant may also obtain equivalent experience. The Commission shall determine what is considered equivalent experience, which demonstrates the applicant's competence in the Uniform Standards of Professional Appraisal Practice. Equivalent experience shall be limited to the following:
 - (i) A minimum of twenty-four (24) months of experience as a licensed or certified real estate appraiser in another state, territory or possession of the United States, or in any country; provided, that the applicant has otherwise met all other requirements of Title 62, Chapter 39, and the rules established by the Commission.

3. An applicant shall provide to the Commission a detailed listing of the types of real estate appraisal reports or file memoranda completed by the applicant for each twelve (12)-month period that the applicant claims that he or she has gained experience. The applicant shall provide verification for experience credit claimed on forms prescribed by the Commission, which shall include the following information:
 - (i) type of property;
 - (ii) date of report;
 - (iii) address of appraised property;
 - (iv) description of work performed by the trainee/applicant and scope of the review and supervision of the supervising appraiser;
 - (v) number of actual work hours by the trainee/applicant on the assignment, up to the maximum allotted by property type;
 - (vi) client name and address; and
 - (vii) signature and State certification number of the supervising appraiser, if applicable.
 4. No experience credit will be granted that was obtained prior to January 30, 1989. An applicant shall submit sufficient recent experience to demonstrate the ability to apply the current Uniform Standards of Professional Appraisal Practice provisions.
 5. There is no minimum number of hours that must be obtained in any one (1) twelve (12)-month period.
- (d) Examination. An applicant shall successfully complete the Appraiser Qualifications Board endorsed Uniform State Licensed Real Property Appraiser Examination. An applicant must obtain licensure or certification designation within twelve (12) months from the date of passing score on the exam.
 - (e) If, after passing the licensure examination, a registered trainee fails to meet any other requirements for licensure prior to the expiration of the trainee's registration and the trainee fails to renew such registration, then the trainee may reapply for licensure and retake the examination.
 - (f) Once the applicant has completed all of the required qualifying education and experience, then the applicant may submit his or her application for licensure. The Commission office shall not process an applicant's application if the required qualifying education and experience has not been satisfied or if the application is incomplete. The Commission office shall keep an incomplete application active for six (6) months, unless the applicant requests an extension in writing to the Commission.
 - (g) An applicant may complete the education, experience and/or the examination requirements for licensure before January 1, 2008 in accordance with the

Real Property Appraiser Qualifications Criteria including all interpretations and supplementary information as of November 1, 2005, as promulgated by the Appraiser Qualifications Board. In the event that an applicant starts, but does not complete all of the education, experience, and/or examination requirement for licensure before January 1, 2008, then the applicant must complete the incomplete component(s) in accordance with the Appraiser Qualifications Criteria which became effective on January 1, 2008.

1. An applicant completing the education segment of the qualification criteria prior to January 1, 2008 will be required to complete ninety (90) hours of qualifying education of which shall include:
 - (i) Successful completion of fifteen (15) hours of the National Uniform Standards of Professional Appraisal Practice Course or its equivalent. Equivalency shall be determined by the Appraiser Qualifications Board Course Approval Program or by an alternate method established by the Appraiser Qualifications Board.
 - (II) The Commission shall grant an applicant credit toward the qualifying education requirement for the National Uniform Standards of Professional Appraisal Practice Course only when the course is instructed by an Appraiser Qualifications Board Certified Instructor(s), of which there must be at least one (1) state certified residential real estate appraiser or state certified general real estate appraiser.
 - (ii) Successful completion of a thirty (30) hour course in Appraisal Principles; and
 - (iii) Successful completion of a thirty (30) hour course in Appraisal Practice or Procedures.
 - (iv) The remaining hours selected from courses approved as qualifying education at the time the course was offered.

Authority: T.C.A. §§62-39-203, 62-39-204, 62-39-303, 62-39-329, 62-39-333 and 62-39-337.

Rule 1255-01-.07 Qualifications for State Certified Residential Appraiser is amended by deleting the text of the rule in its entirety and substituting instead the following language, so that, as amended, the rule shall read:

- (1) An applicant applying for a state certified residential real estate appraiser certification shall first register as a real estate appraiser trainee, or be a licensed or certified general real estate appraiser. The applicant shall then satisfy all of the following education, experience and examination requirements:
 - (a) General Education. An applicant shall satisfy the following general education requirements as a prerequisite for certification as a state certified residential real estate appraiser:
 1. Associate degree or higher, or in lieu of a degree, a minimum of twenty-one (21) college semester hours in all specified coursework as follows:

- (i) English composition;
 - (ii) principles of economics (micro or macro);
 - (iii) computers-word processing/spreadsheets;
 - (iv) finance;
 - (v) business or real estate law;
 - (vi) algebra, geometry, or higher mathematics; or
 - (vii) statistics.
- (b) Appraisal Education. An applicant shall satisfy the following appraisal education requirements as a prerequisite to sit for the state certified residential appraiser examination:
1. Two hundred (200) classroom hours of courses in subjects related to real estate appraisal (hereinafter "qualifying education requirement"), these modules shall include:
 - (i) Successful completion of fifteen (15) hours of the National Uniform Standards of Professional Appraisal Practice Course or its equivalent. Equivalency shall be determined through the Appraiser Qualifications Board Course Approval Program or by an alternate method established by the Appraiser Qualifications Board;
 - (I) The Commission shall grant an applicant credit toward the qualifying education requirement for the National Uniform Standards of Professional Appraisal Practice Course only when at least one of the course instructors is an AQB Certified USPAP Instructor who is also a state certified residential real estate appraiser or state certified general real estate appraiser;
 - (ii) Successful completion of a thirty (30) hour course in Appraisal Principles; and
 - (iii) Successful completion of a thirty (30) hour course in Appraisal Practice or Procedures;
 - (iv) Successful completion of a fifteen (15) hour course in Residential Market Analysis and Highest and Best Use;
 - (v) Successful completion of a fifteen (15) hour course in Residential Appraiser Site Valuation and Cost Approach;
 - (vi) Successful completion of a thirty (30) hour course in Sales Comparison and Income Approaches;
 - (vii) Successful completion of a fifteen (15) hour course in Residential Report Writing and Case Studies;

- (viii) Successful completion of a fifteen (15) hour course in Statistics, Modeling and Finance;
 - (ix) Successful completion of a fifteen (15) hour course in Advanced Residential Applications and Case Studies; and
 - (x) Successful completion of twenty (20) hours of appraisal subject matter electives. These may include hours over minimum shown above in other modules.
- 2. A course hour is defined as fifty (50) minutes of teaching out of each sixty (60) minute segment.
- 3. The Commission may grant credit toward the qualifying education requirement only where the length of the educational offering is at least fifteen (15) hours and an applicant successfully completes an examination pertinent to that educational offering.
- 4. An applicant may obtain credit for the qualifying education requirement from any of the following:
 - (i) colleges or universities;
 - (ii) community or junior colleges;
 - (iii) real estate appraisal or real estate related organizations;
 - (iv) state or federal agencies or commissions;
 - (v) proprietary schools; or
 - (vi) other providers approved by the Commission.
- 5. The qualifying education requirement may include the one hundred fifty (150) hour qualifying education requirement for the state licensed real estate appraiser classification.
- 6. An applicant may refer to Chapter 1255-02 Evaluation of Education for further delineation of the qualifying education requirements.
- 7. In the event of a denial, an applicant for certification may file a written request for reconsideration with the Commission, appealing the Commission's evaluation of the applicant's education. The Commission shall consider the filed written request for reconsideration and reevaluate the applicant's education. In the event that the applicant's application for certification is denied after the education reevaluation, then the denial shall not create a contested case proceeding (as defined by the Tennessee Administrative Procedures Act, Tenn. Code Ann., Title 4, Chapter 5) and the applicant may then reapply for certification.
- (c) Experience. An applicant shall satisfy the following experience requirements as a prerequisite for certification as a state certified residential real estate appraiser:

1. An applicant shall complete a minimum of two thousand five hundred (2,500) hours of appraisal experience over a period of at least twenty-four (24) months and the Commission shall treat the hours accumulated over the twenty-four (24) months as cumulative. A registered trainee applicant shall complete the minimum of twenty-four (24) months of appraisal experience under the direct supervision of an appraiser certified by a real estate appraiser commission or board in any state. The experience must be sufficient to indicate to the Commission that the applicant is competent in the Uniform Standards of Professional Appraisal Practice. Acceptable appraisal experience includes, but is not limited to the following: fee and staff appraisal, ad valorem tax appraisal, condemnation appraisal, technical review appraisal, appraisal analysis, real estate consulting, highest and best use analysis, and feasibility analysis/study.
2. The applicant may also obtain equivalent experience. The Commission shall determine what is considered equivalent experience, which demonstrates the applicant's competence in the Uniform Standards of Professional Appraisal Practice. Equivalent experience shall be limited to the following:
 - (i) A minimum of twenty-four (24) months of experience as a licensed or certified real estate appraiser in another state, territory or possession of the United States, or in any country; provided, that the applicant has otherwise met all other requirements of Title 62, Chapter 39, and the rules promulgated by the Commission.
3. An applicant shall provide to the Commission a detailed listing of the types of real estate appraisal reports or file memoranda completed by the applicant for each twelve (12)-month period during which the applicant claims that he or she has gained experience. The applicant shall provide verification for experience credit claimed on forms prescribed by the Commission which shall include the following information:
 - (i) type of property;
 - (ii) date of report;
 - (iii) address of appraised property;
 - (iv) description of work performed by the trainee/applicant and scope of the review and supervision of the supervising appraiser;
 - (v) number of actual work hours by the trainee/applicant on the assignment, up to the maximum allotted by property type;
 - (vi) client name and address; and
 - (vii) signature and State certification number of the supervising appraiser, if applicable.

4. No experience credit will be granted that was obtained prior to January 30, 1989. An applicant shall submit sufficient recent experience to demonstrate the ability to apply the current Uniform Standards of Professional Appraisal Practice provisions.
 5. There is no minimum number of hours that must have been obtained in any one (1) twelve (12)-month period.
- (d) Examination. An applicant shall successfully complete the Appraiser Qualifications Board endorsed Uniform State Certified Residential Real Property Appraiser Examination. An applicant must obtain certification designation within twelve (12) months from the date of passing score on the exam.
 - (e) If, after passing the residential certification examination, a registered trainee fails to meet all other requirements for residential certification prior to the expiration of the trainee's registration and the trainee fails to renew such registration, then the trainee may reapply for certification and retake the examination.
 - (f) Once the applicant has completed all of the required qualifying education and experience, then the applicant may submit his or her application for certification. The Commission office shall not process an applicant's application if the required qualifying education and experience has not been satisfied or if the application is incomplete. The Commission office shall keep an incomplete application active for six (6) months, unless the applicant requests an extension in writing to the Commission.
 - (g) An applicant may complete the education, experience, and/or the examination requirements for licensure before January 1, 2008, in accordance with the Real Property Appraiser Qualifications Criteria including all interpretations and supplementary information as of November 1, 2005, as promulgated by the Appraiser Qualifications Board. In the event that an applicant starts, but does not complete all of the education, experience, and/or examination requirement for certification before January 1, 2008, then the applicant must complete the incomplete component(s) in accordance with the Appraiser Qualifications Criteria which became effective on January 1, 2008.
1. An applicant completing the education segment of the qualification criteria prior to January 1, 2008 will be required to complete one hundred twenty (120) hours of qualifying education of which shall include:
 - (i) Successful completion of fifteen (15) hours of the National Uniform Standards of Professional Appraisal Practice Course or its equivalent. Equivalency shall be determined by the Appraiser Qualifications Board Course Approval Program or by an alternate method established by the Appraiser Qualifications Board.
 - (II) The Commission shall grant an applicant credit toward the qualifying education requirement for the National Uniform Standards of Professional Appraisal Practice

Course only when the course is instructed by an Appraiser Qualifications Board Certified Instructor(s), of which there must be at least one (1) state certified residential real estate appraiser or state certified general real estate appraiser.

- (ii) Successful completion of a thirty (30) hour course in Appraisal Principles; and
- (iii) Successful completion of a thirty (30) hour course in Appraisal Practice or Procedures.
- (iv) The remaining hours selected from courses approved as qualifying education at the time the course was offered.

Authority: T.C.A. §§ 62-39-203, 62-39-204, 62-39-311, 62-39-312, 62-39-313, 62-39-329, 62-39-333 and 62-39-337.

Rule 1255-01-.08 Qualifications for General Certification is amended by deleting the text of the rule in its entirety and substituting instead the following language, so that, as amended, the rule shall read:

1255-01-.08 Qualifications for General Certification.

- (1) Qualifications for State Certified General Appraiser. An applicant applying for a state certified general real estate appraiser license shall first register as a real estate appraiser trainee, or be a licensed or certified residential real estate appraiser, and complete the experience requirements established in rule 1255-01-.12 and shall then satisfy the following education, experience and examination requirements as a prerequisite for certification:
 - (a) General Education. An applicant shall satisfy the following general education requirements as a prerequisite for certification as a state certified general real estate appraiser:
 - 1. Bachelors degree or higher, or in lieu of a degree, a minimum of thirty (30) college semester hours in all specified coursework as follows:
 - (i) English composition;
 - (ii) micro-economics and macro-economics;
 - (iii) computers-word processing/spreadsheets;
 - (iv) finance;
 - (v) business or real estate law;
 - (vi) algebra, geometry, or higher mathematics;
 - (vii) statistics; and
 - (viii) electives in accounting, geography, agricultural economics, business management, or real estate.

- (b) Appraisal Education. An applicant shall satisfy the following appraisal education requirements as a prerequisite to sit for the state certified general appraiser examination:
1. Three hundred (300) classroom hours of courses in subjects related to real estate appraisal, these modules shall include (hereinafter "qualifying education requirement"):
 - (i) Fifteen (15) hours of the three hundred (300) hours must include the successful completion of the National Uniform Standards of Professional Appraisal Practice Course or its equivalent. Equivalency shall be determined through the Appraiser Qualifications Board Course Approval Program or by an alternate method established by the Appraiser Qualifications Board.
 - (I) The Commission shall grant an applicant credit toward the qualifying education requirement for the National Uniform Standards of Professional Appraisal Practice Course only when at least one of the course instructors is an AQB Certified USPAP Instructor who is also a state certified residential real estate appraiser or state certified general real estate appraiser.
 - (ii) Successful completion of a thirty (30) hour course in Appraisal Principles;
 - (iii) Successful completion of a thirty (30) hour course in Appraisal Practice or Procedures;
 - (iv) Successful completion of a thirty (30) hour course in General Appraiser Market Analysis and Highest and Best Use;
 - (v) Successful completion of a fifteen (15) hour course in Statistics, Modeling and Finance;
 - (vi) Successful completion of a thirty (30) hour course in General Appraiser Sales Comparison Approach;
 - (vii) Successful completion of a thirty (30) hour course in General Appraiser Site Valuation and Cost Approach;
 - (viii) Successful completion of a sixty (60) hour course in General Appraiser Income Approach;
 - (ix) Successful completion of a thirty (30) hour course in General Appraiser Report Writing and Case Studies; and
 - (x) Successful completion of thirty (30) hours of appraisal subject matter electives. These may include hours over minimum shown above in other modules.
 2. A course hour is defined as fifty (50) minutes of teaching out of each sixty (60) minute segment.

3. An applicant's qualifying education requirement may include the one hundred fifty (150) classroom hour requirement for the licensed real estate appraiser classification or the two hundred (200) hour requirement for the certified residential real estate appraiser classification.
 4. The Commission may grant an applicant credit toward the qualifying education requirement only where the length of the educational offering is at least fifteen (15) hours and the applicant successfully completes an examination pertinent to that educational offering.
 5. An applicant may obtain credit for the qualifying education requirement from the following:
 - (i) colleges or universities;
 - (ii) community or junior colleges;
 - (iii) real estate appraisal or real estate related organizations;
 - (iv) state or federal agencies or commissions;
 - (v) proprietary schools; or
 - (vi) other providers approved by the Commission.
 6. An applicant should refer to Chapter 1255-02 Evaluation of Education for further delineation of educational requirements.
 7. In the event that an applicant is denied, then an applicant for certification may file a written request for reconsideration with the Commission, appealing the Commission's evaluation of his or her education. The Commission shall consider the filed written request for reconsideration and reevaluate the applicant's education. In the event that the applicant's application for certification is denied after the education reevaluation, then the denial shall not create a contested case proceeding (as defined by the Tennessee Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5) and the applicant may then reapply for certification.
- (c) Experience. An applicant must satisfy the following experience requirements as a prerequisite for certification as a state certified general real estate appraiser:
1. An applicant shall complete three thousand (3,000) hours of appraisal experience over a period of at least thirty (30) months preceding the date of the applicant's application to the Commission and the Commission shall treat the hours as cumulative. A registered trainee applicant shall complete the minimum of thirty (30) months of appraisal experience under the direct supervision of an appraiser certified by a real estate appraiser commission or board in any state. The experience must be sufficient to indicate to the Commission that the applicant is competent in the Uniform Standards of Professional

Appraisal Practice. Acceptable appraisal experience includes, but is not limited to the following: fee and staff appraisal, ad valorem tax appraisal, condemnation appraisal, technical review appraisal, appraisal analysis, real estate consulting, highest and best use analysis, and feasibility analysis/study.

2. An applicant may obtain equivalent experience. The Commission shall determine what is considered equivalent experience, which demonstrates the applicant's competence in the Uniform Standards of Professional Appraisal Practice. Equivalent experience shall be limited to the following:
 - (i) A minimum of thirty (30) months of experience as a licensed or certified real estate appraiser in another state, territory or possession of the United States, or in any country; provided, that the applicant has otherwise met all requirements of Title 62, Chapter 39, and the rules promulgated by the Commission.
3. An applicant shall complete at least one thousand five hundred (1,500) hours of the total three thousand (3,000) hours in non-residential appraisal work. Residential means one (1) to four (4) residential units. An applicant shall ensure that his or her experience shall satisfactorily demonstrate competence in the cost, income capitalization and direct sales comparison approaches to value.
4. An applicant shall provide to the Commission a detailed listing of the types of real estate appraisal reports or file memoranda completed by the applicant for each twelve (12)-month period during which the applicant claims that he or she has gained experience. The applicant shall provide verification for experience credit claimed on forms prescribed by the Commission, which shall include the following information:
 - (i) type of property;
 - (ii) date of report;
 - (iii) address of appraised property;
 - (iv) description of work performed by the trainee/applicant and scope of the review and supervision of the supervising appraiser;
 - (v) number of actual work hours by the trainee/applicant on the assignment, up to the maximum allotted by property type;
 - (vi) client name and address; and
 - (vii) signature and State certification number of the supervising appraiser, if applicable.
5. No experience credit will be granted that was obtained prior to January 30, 1989. An applicant shall submit sufficient recent experience to

demonstrate the ability to apply the current Uniform Standards of Professional Appraisal Practice provisions.

6. There is no minimum number of hours that must have been obtained in any one (1) twelve (12)-month period.
 - (d) Examination. An applicant shall successfully complete the Appraiser Qualifications Board endorsed Uniform State Certified General Real Property Appraiser Examination. An applicant must obtain licensure or certification designation within twelve (12) months from the date of passing score on the exam.
 - (e) If, after passing the general certification examination, a registered trainee fails to meet any other requirements for certification prior to the expiration of the trainee's registration and the trainee fails to renew such registration, then the trainee may reapply for certification and retake the examination.
 - (f) Once the applicant has completed all of the required qualifying education and experience, then the applicant may submit his or her application for certification. The Commission office shall not process an applicant's application if the required qualifying education and experience has not been satisfied or if the application is incomplete. The Commission office shall keep an incomplete application active for six (6) months, unless the applicant requests an extension in writing to the Commission.
 - (g) An applicant may complete the education, experience, and/or the examination requirements for licensure before January 1, 2008, in accordance with the Real Property Appraiser Qualifications Criteria including all interpretations and supplementary information as of November 1, 2005, as promulgated by the Appraiser Qualifications Board. In the event that an applicant starts, but does not complete all of the education, experience, and/or examination requirement for certification before January 1, 2008, then the applicant must complete the incomplete component(s) in accordance with the Appraiser Qualifications Criteria which became effective on January 1, 2008.
1. An applicant completing the education segment of the qualification criteria prior to January 1, 2008, will be required to complete one hundred-eighty (180) hours of qualifying education of which shall include:
 - (i) Successful completion of fifteen (15) hours of the National Uniform Standards of Professional Appraisal Practice Course or its equivalent. Equivalency shall be determined by the Appraiser Qualifications Board Course Approval Program or by an alternate method established by the Appraiser Qualifications Board.
 - (II) The Commission shall grant an applicant credit toward the qualifying education requirement for the National Uniform Standards of Professional Appraisal Practice Course only when the course is instructed by an Appraiser Qualifications Board Certified Instructor(s),

of which there must be at least one (1) state certified residential real estate appraiser or state certified general real estate appraiser.

- (ii) Successful completion of a thirty (30) hour course in Appraisal Principles; and
- (iii) Successful completion of a thirty (30) hour course in Appraisal Practice or Procedures.
- (iv) The remaining hours selected from courses approved as qualifying education at the time the course was offered.

Authority: T.C.A. §§ 62-39-203, 62-39-204, 62-39-311, 62-39-312, 62-39-313, 62-39-329, 62-39-333 and 62-39-337.

Rule 1255-01-.10 Denial of License or Certificate is amended by renumbering it rule 1255-01-.09.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Rule 1255-01-.11 License or Certificate Expiration is amended by renumbering it rule 1255-01-.10.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Rule 1255-01-.12 License and Certificate Renewal is amended by renumbering it rule 1255-01-.11.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Rule 1255-01-.13 Registered Trainee is amended by renumbering it rule 1255-01-.12 and by deleting the rule in its entirety and substituting instead the following language, so that, as amended, the rule shall read:

1255-01-.12 Registered Trainee.

- (1) Application. An applicant for registration as a real estate appraiser trainee shall successfully complete the following requirements prior to obtaining registration:
 - (a) Obtain and complete the required application form from the Commission;
 - (b) Provide proof on the application form showing that he or she has obtained a high school diploma or its equivalent;
 - (c) Provide on the application form the name and certificate number of the certified real estate appraiser under whose direct supervision the applicant will serve;
 - (d) Provide the business address of his or her supervising appraiser and use that address as his or her business address. If an applicant has more than one (1) supervising appraiser, then the applicant shall use the business address of at least one (1) of his or her supervising appraisers;
 - (e) Completion of an approved thirty (30)-hour course in Appraisal Principles, an approved thirty (30)-hour course in Practices and Procedures, and the fifteen

(15)-hour National Uniform Standards of Professional Appraisal Practice Course;

- (f) Submit with the application a nonrefundable application and registration fee of one hundred twenty-five dollars (\$125.00).
- (2) Upon receipt of a properly completed application form with the required aforementioned documentation and the required fee, the Commission shall review the application to determine whether to issue the applicant a real estate appraiser trainee registration certificate and number.
- (3) Education. Before registration, an applicant for trainee registration shall complete seventy-five (75) hours of courses in subjects related to real estate appraisal, which shall include, but shall not be limited to coverage of the Uniform Standards of Professional Appraisal Practice (hereinafter, "course credit"). An applicant shall complete the required course credit as a prerequisite to applying for registration as a registered trainee. All applicants shall submit completion of a minimum of an approved thirty (30)-hour course in Appraisal Principles, an approved thirty (30)-hour course in Practices and Procedures, and the fifteen (15)-hour National Uniform Standards of Professional Appraisal Practice Course. An applicant shall also ensure that his or her course credit complies with the following:
 - (a) A course hour is defined as fifty (50) minutes of teaching out of each sixty (60) minute segment.
 - (b) An applicant may obtain course credit only where the minimum length of the education offering is fifteen (15) hours and the individual successfully completes the examination pertinent to that educational offering.
 - (c) An applicant may obtain course credit from the following:
 - 1. colleges or universities;
 - 2. community or junior colleges;
 - 3. real estate appraisal or real estate related organizations;
 - 4. proprietary schools; or
 - 5. other providers approved by the Commission.
 - (d) An applicant shall obtain course credit within the five (5)-year period immediately preceding an applicant's submission of his or her application for registration as a registered trainee.
 - (e) The content for courses shall include, but are not limited to, coverage of the following real estate appraisal related topics:
 - 1. influences of real estate value;
 - 2. legal considerations in appraisals;
 - 3. types of value;

4. economic principles;
5. real estate markets and analysis;
6. valuation process;
7. property description;
8. highest and best use analysis;
9. appraisal statistical concepts;
10. sales comparison approach;
11. site value;
12. cost approach;
13. income approach;
14. valuation of partial interests; and
15. appraisal standards and ethics.

(4) Experience.

- (a) There is no experience prerequisite for an applicant to become a registered trainee.
- (b) A registered trainee may have more than one (1) supervising appraiser.
- (c) A registered trainee shall be subject to direct supervision by a supervising appraiser who shall be a state certified residential real estate appraiser or a state certified general real estate appraiser in good standing.
- (d) A registered trainee shall only appraise those properties which the supervising appraiser is permitted to appraise.
- (e) If a trainee's registration has expired or the trainee is no longer under the supervision of a state certified residential or state certified general real estate appraiser, then the registered trainee shall not perform the duties as a registered trainee until he or she submits an affidavit provided by the Commission which states that he or she has a supervising appraiser. The registered trainee's supervising appraiser shall sign the affidavit stating that he or she is the supervising appraiser responsible for the registered trainee.
- (f) A registered trainee shall maintain an appraisal log of his or her experience, shall maintain a separate appraisal log for each supervising appraiser, and shall, at a minimum, include the following in the appraisal log:
 1. type of property;
 2. date of report;

3. address of appraised property;
 4. description of work performed by the trainee/applicant and scope of the review and supervision of the supervising appraiser;
 5. number of actual work hours by the trainee/applicant on the assignment, up to the maximum allotted by property type;
 6. client name and address; and
 7. signature and State certification number of the supervising appraiser.
- (g) A registered trainee may conduct property inspections alone (without being accompanied by the supervising appraiser) only after completing five hundred (500) hours of acceptable experience. In order to conduct property inspections pursuant to this paragraph, the registered trainee shall submit a form to the Commission on which both the registered trainee and the supervising appraiser shall certify the experience.
- (h) A registered trainee shall comply with the Uniform Standards of Professional Appraisal Practice.
- (5) Examination.
- (a) There is no examination prerequisite for an applicant to become a registered trainee.
 - (b) A registered trainee or applicant for registration as a registered trainee may apply to take the examination for a state licensed real estate appraiser license or a state certified residential appraiser; provided, that the applicant and/or registered trainee has completed all appropriate education requirements. An applicant for registration as a trainee and/or registered trainee may not apply to take the examination for a state certified general real estate appraiser until the trainee has completed all other requirements for general certification.
 - (c) If a registered trainee applies to take the examination prior to application for licensure and completion of the experience interview they shall remit a nonrefundable fee of fifty dollars (\$50.00) with his or her application to take the examination for a state licensed real estate appraiser or a state certified residential real estate appraiser. A registered trainee must obtain licensure or certification within twelve (12) months of the examination date.
 - (d) A license or residential certificate will be issued to a registered trainee or applicant for registration as a registered trainee who passes the examination, only upon the registered trainee or applicant for registration as a registered trainee completing all requirements for licensure or residential certification. If all other requirements are not met prior to the expiration of a trainee's registration and the registered trainee fails to renew, then he or she loses credit for passing the examination.
 - (e) Once the registered trainee has completed all of the required qualifying education and experience, then the trainee may submit his or her application for registration. The Commission office shall not process an applicant's

application if the required qualifying education and experience has not been satisfied or if the application is incomplete. The Commission office shall keep an incomplete application active for six (6) months, unless the applicant requests an extension in writing to the Commission.

(6) Renewal.

- (a) A registered trainee's registration shall expire two (2) years after the date of issuance.
- (b) A registered trainee must renew his or her registration, at least thirty (30) days prior to its expiration, by filing the prescribed form with the Commission and paying a renewal fee of one hundred twenty-five dollars (\$125.00).
- (c) If a registered trainee fails to file the prescribed form and pay the renewal fee within thirty (30) days prior to its expiration, the registered trainee may, upon payment of a one hundred dollar (\$100.00) late renewal penalty in addition to the renewal fee, apply for renewal. No late renewal will be granted if more than six (6) months has passed since the expiration of the registered trainee's registration. The registered trainee may then reapply to be a registered trainee.

(7) Continuing Education.

- (a) A registered trainee who remains in the classification of registered trainee in excess of two (2) years shall be required to obtain a minimum of twenty-eight (28) classroom hours of instruction in courses, seminars, workshops or conferences approved by the Commission, prior to the next renewal period (hereinafter, "continuing education").
- (b) As part of a registered trainee's continuing education, a registered trainee shall complete the seven (7) hour National Uniform Standards of Professional Appraisal Practice Course at least once every two (2) years as defined and required by rule 1255-04-.01(2).
- (c) A classroom hour is defined as fifty (50) minutes of actual instruction for each sixty (60) minute segment.
- (d) The Commission may grant continuing education credit only where the length of the educational offering is at least two (2) hours.
- (e) An applicant may obtain continuing education credit from the following:
 - 1. colleges or universities;
 - 2. community or junior colleges;
 - 3. real estate appraisal or real estate related organizations;
 - 4. state or federal agencies or commissions;
 - 5. proprietary schools; or
 - 6. other providers approved by the Commission.

- (f) The Commission may grant continuing education credit for educational offerings which are consistent with the purpose of continuing education stated in paragraph (h) below and cover real estate appraisal topics such as the following:
1. ad valorem taxation;
 2. arbitration;
 3. business courses related to practice of real estate appraisal;
 4. construction estimating;
 5. ethics and standards of professional practice;
 6. land use planning, zoning and taxation;
 7. management, leasing, brokerage and timesharing;
 8. property development;
 9. real estate appraisal (valuations/evaluations);
 10. real estate law;
 11. real estate litigation;
 12. real estate financing and investment;
 13. real estate appraisal related computer applications;
 14. real estate securities and syndication; or
 15. real property exchange.
- (g) The Commission may grant up to one half (1/2) of an individual's continuing education credit for participation, other than as a student, in appraisal educational processes and programs. Examples of activities for which may be granted are teaching, program development, authorship of textbooks, or similar activities which the Commission determines are equivalent to obtaining continuing education. Credit for instructing any given course or seminar can only be awarded once during a continuing education cycle. Credit for instructing any given course or seminar can only be awarded once during a continuing education cycle.
- (h) The purpose of continuing education is to ensure that a registered trainee participates in a program that maintains and increases his or her skill, knowledge and competency in real estate appraisal.
- (8) Each registered trainee shall notify the Commission of such registered trainee's current residence address, current business address and the name(s) of the registered trainee's supervising appraiser(s). When a registered trainee changes residence address, business address or supervising appraiser(s), the registered trainee shall notify the Commission, in writing, of such change within thirty (30) days thereafter.

- (9) No registered trainee may represent him or herself as a licensed or certified appraiser or use the appellation "State Licensed Real Estate Appraiser," "State Certified Residential Real Estate Appraiser," "State Certified General Real Estate Appraiser," or any form thereof, or do any other act which gives or is designed to give the impression that the registered trainee is a licensed or certified real estate appraiser.
- (10) Supervising Appraisers for Registered Trainees.
- (a) Prior to serving as the supervising appraiser for a registered trainee, an appraiser shall have obtained a minimum of two (2) years experience as a state certified residential or state certified general real estate appraiser. However, in the event that a licensed appraiser upgrades to a certified general or certified residential, then that appraiser may supervise a registered trainee immediately after being upgraded, provided that he or she has a minimum of five (5) years of appraiser experience.
 - (b) The supervising appraiser shall sign each written appraisal report, relating to real property in this state, which was prepared by a registered trainee under the supervising appraiser's direct supervision.
 - (c) A supervising appraiser shall ensure that the appraisal reports prepared by the registered trainee are prepared under the supervising appraiser's direct supervision. The Commission shall consider an appraisal report to have been prepared under the direct supervision of a supervising appraiser only when:
 - 1. The supervising appraiser is involved in the preparation of the appraisal report and has input into and full knowledge of the report prior to its completion;
 - 2. The supervising appraiser has the authority to and does make any necessary and appropriate changes to the final appraisal report;
 - 3. The supervising appraiser accepts responsibility for the appraisal report by signing and certifying the report is in compliance with the Uniform Standards of Professional Appraisal Practice;
 - 4. The supervising appraiser reviews the appraiser trainee's appraisal report(s);
 - 5. The supervising appraiser accompanies the registered trainee and personally inspects each subject property with the registered trainee on all assignments until the trainee has completed five hundred (500) hours of acceptable appraisal experience. However, the supervising appraiser shall accompany the registered trainee and personally inspect each subject property with the registered trainee on all assignments that are over fifty (50) miles from the supervising appraiser's office even after the registered trainee has accumulated over five hundred (500) hours of acceptable appraisal experience.
 - (d) A supervising appraiser may supervise a maximum of three (3) registered trainees at one time.
 - (e) A supervising appraiser shall keep copies of appraisal reports for a period of at least five (5) years or at least two (2) years after final disposition of any judicial proceeding in which testimony was given, whichever period expires last. The supervising appraiser shall allow the registered trainee to

obtain copies of his or her appraisal reports that he or she prepared upon the registered trainee's request for copies of the reports.

- (f) A supervising appraiser shall notify the board in writing if he or she is no longer the supervising appraiser for a registered trainee within thirty (30) days thereafter.

Authority: T.C.A. §§ 62-39-203, 62-39-204, 62-39-303, 62-39-304 and 62-39-333.

Rule 1255-01-.14 Replacement License or Certificate is amended by renumbering it rule 1255-01-.13.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Rule 1255-01-.15 Federal Appraiser Registry is amended by renumbering it rule 1255-01-.14.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Chapter 1255-02 Evaluation of Appraisal Education

Amendments

Rule 1255-02-.02 Educational Logging is amended by renumbering it rule 1255-02-.01.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Rule 1255-02-.03 Repeated Courses is amended by renumbering it rule 1255-02-.02.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Repeal

Rule 1255-02-.04 Standards for Acceptance of Coursework is repealed.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Amendments

Rule 1255-02-.05 Course Provider Applications is amended by renumbering it rule 1255-02-.03 and by deleting the rule in its entirety and substituting instead the following language, so that, as amended, the rule shall read:

1255-02-.03 Course Provider Applications.

- (1) All applicants shall obtain qualifying education credit by successfully completing courses that are approved by the Commission from course providers who are approved by the Commission. The Commission shall approve qualifying education courses and course providers based on the qualifications of the providers and the content of the courses. The Commission shall consider the following providers for approval:
 - (a) colleges or universities;

- (b) community or junior colleges;
 - (c) real estate appraisal or real estate related organizations;
 - (d) state or federal agencies or commissions;
 - (e) proprietary schools; or
 - (f) other providers approved by the Commission.
- (2) The Commission shall approve all qualifying education courses on an individual basis.
- (3) Anyone seeking approval as a real estate appraisal course provider, and any real estate appraisal course provider seeking approval of a course or courses, shall submit the following with an application provided by the Commission:
- (a) A resume outlining the education and experience of the instructor(s) of such course(s);
 - (b) A detailed description of the content of each course and the appropriate module(s) for education credit;
 - (c) The projected schedule for the teaching of such course(s);
 - (d) Notwithstanding approval prior to July 1, 1991, all providers seeking approval of courses shall submit course outlines to the Commission for approval of each course; and
 - (e) Such other information as the Commission may reasonably request.

Authority: T.C.A. §§ 62-39-203, 62-39-204 and 62-39-333.

Rule 1255-02-.06 Course Guidelines is amended by renumbering it rule 1255-02-.04 and by deleting the text of the rule in its entirety and substituting instead the following language, so that, as amended, the rule shall read:

1255-02-.04 Course Guidelines.

- (1) The following definitions are provided for the terms “qualifying education” and “continuing education”:
 - (a) Qualifying education means education that is creditable toward the education requirements for trainee registration, initial licensure or certification under one (1) or more of the three (3) real estate appraiser classifications (Licensed Real Estate Appraiser, Certified Residential Real Estate Appraiser, and Certified General Real Estate Appraiser).
 - (b) Continuing education means education that is creditable toward the education requirements that must be satisfied to renew registration as a trainee or licensure or certification as a Licensed Real Estate Appraiser, Certified Residential Real Estate Appraiser, and Certified General Real Estate Appraiser.

- (2) An applicant to be a course provider shall demonstrate to the satisfaction of the Commission that each course submitted for approval shall:
- (a) cover subjects which are reasonably related to the practice of real estate appraisal and suitably advanced to benefit and enrich the students enrolled;
 - (b) be conducted in a facility that meets the requirements of the Americans with Disabilities Act and contains adequate space, seating, and equipment;
 - (c) consist of no fewer than two (2) classroom hours for continuing education and fifteen (15) hours with an examination for licensure/certification requirements; and
 - (d) incorporate appropriate methods for determining whether a student has successfully completed such course. Such methods shall include, but not be limited to:
 - 1. provisions to make up for classes or hours missed by a student; and
 - 2. for qualifying education and the fifteen (15) hour course in the Uniform Standards of Professional Appraisal Practice, a minimum passing requirement of seventy percent (70%) and a comprehensive final examination (or equivalent measure of achievement).
- (3) Internet Education/Distance Education for Continuing Education
- (a) Courses given for continuing education via internet or distance education shall make up no more than fifty percent (50%) of the total requirement for continuing education each cycle and may be acceptable to meet the requirements of continuing education if:
 - 1. The course provides interaction. Interaction is a reciprocal environment where the student has verbal or written communication with the instructor; and
 - 2. Content approval is obtained from the AQB, a state licensing jurisdiction, or an accredited college, community college, or University that offers distance education programs and is approved or accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education. Non-academic credit college courses provided by a college shall be approved by the AQB or the state licensing jurisdiction; and
 - 3. Course delivery mechanism approval is obtained from one of the following sources:
 - (i) AQB approved organizations providing approval of course design and delivery; or
 - (ii) a college that qualifies for content approval in paragraph 2 above that awards academic credit for the distance education course; or

- (iii) a qualifying college for content approval with a distance education delivery program that approves the course design and delivery that incorporate interactivity.
- (4) Each hour of course instruction shall consist of fifty (50) minutes of actual instruction for every sixty (60) minute segment.
- (5) Attendance. For distance education seminars where classroom attendance cannot be proctored by an on-site official approved by the presenting entity, the provider shall have a method acceptable to the Commission for ensuring student achievement of the course hour equivalent.
- (6) The courses listed in rules 1255-02-.05 and 1255-02-.06 are additions to those outlined in other sections and those lists of courses supplement those courses identified in other rules.

Authority: T.C.A. §§ 62-39-203, 62-39-204 and 62-39-333.

Rule 1255-02-.07 Course Content Guidelines – Qualifying Education is amended by renumbering it rule 1255-02-.05 and deleting the text of the rule in its entirety and substituting instead the following language, so that, as amended, the part shall read:

1255-02-.05 Course Content Guidelines – Qualifying Education.

- (1) Acceptable Courses. An applicant applying for licensure as a state licensed real estate appraiser or for certification as a state certified residential or state certified general real estate appraiser shall meet his or her respective qualifying education requirements outlined in rules 1255-01-.05, 1255-01-.07 and 1255-01-.08 by successfully completing courses in the following areas:
 - (a) Courses on basic real estate appraisal principles, which include, but are not limited to the following course topics:
 - 1. real property concepts and characteristics:
 - (i) basic real property concepts,
 - (ii) real property characteristics,
 - (iii) legal description;
 - 2. legal considerations in real estate appraisal:
 - (i) forms of ownership,
 - (ii) public and private controls,
 - (iii) real estate contracts,
 - (iv) leases;
 - 3. influences on real estate values:
 - (i) governmental,

- (ii) economic,
 - (iii) social,
 - (iv) environmental, geographic and physical;
- 4. economic principles:
 - (i) classic economic principles,
 - (ii) application and illustrations of the economic principles;
- 5. overview of real estate markets and analysis:
 - (i) market fundamentals, characteristics, and definitions,
 - (ii) supply analysis,
 - (iii) demand analysis,
 - (iv) use of market analysis;
- 6. ethics and how they apply in appraisal theory and practice;
- (b) Courses on basic real estate appraisal practices/procedures, which include, but are not limited to the following course topics:
 - 1. overview of approaches to value;
 - 2. valuation procedures:
 - (i) defining the problem,
 - (ii) collecting and selecting data,
 - (iii) analyzing,
 - (iv) reconciling and final value opinion,
 - (v) communicating the appraisal;
 - 3. property description:
 - (i) geographic characteristics of the land/site,
 - (ii) geologic characteristics of the land/site,
 - (iii) location and neighborhood characteristics,
 - (iv) land/site considerations for highest and best use,
 - (v) improvements – architectural styles and types of construction;

4. residential applications.
- (c) Courses on residential market analysis and highest and best use, which include, but are not limited to the following course topics:
1. residential markets and analysis:
 - (i) market fundamentals, characteristics, and definitions,
 - (ii) supply analysis,
 - (iii) demand analysis,
 - (iv) use of market analysis;
 2. highest and best use:
 - (i) test constraints,
 - (ii) application of highest and best use,
 - (iii) special considerations,
 - (iv) market analysis,
 - (v) case studies.
- (d) Courses on residential appraiser site valuation and cost approach, which include, but are not limited to the following course topics:
1. site valuation:
 - (i) methods
 - (ii) case studies;
 2. cost approach:
 - (i) concepts and definitions,
 - (ii) replacement/reproduction cost new,
 - (iii) accrued depreciation,
 - (iv) methods of estimating accrued depreciation,
 - (v) case studies.
- (e) Courses on residential sales comparison and income approaches, which include, but are not limited to the following course topics:
1. valuation principles and procedures – sales comparison approach;

2. valuation principles and procedures – income approach;
 3. finance and cash equivalency;
 4. financial calculator introduction;
 5. identification, derivation and measurement of adjustments;
 6. gross rent multipliers;
 7. partial interests;
 8. reconciliation;
 9. case studies and applications.
- (f) Courses on residential report writing and case studies, which include, but are not limited to the following course topics:
1. writing and reasoning skills;
 2. common writing problems;
 3. form reports;
 4. report options and USPAP compliance.
- (g) Courses on statistics modeling and finance, which include, but are not limited to the following course topics:
1. statistics;
 2. valuation models (AVM's and mass appraisal);
 3. real estate finance.
- (h) Courses on advanced residential applications and case studies, which include, but are not limited to the following course topics:
1. complex property, ownership and market conditions;
 2. deriving and supporting adjustments;
 3. residential market analysis;
 4. advanced case studies.
- (i) Courses on general appraiser market analysis and highest and best use, which include, but are not limited to the following course topics:
1. real estate markets and analysis:
 - (i) market fundamentals, characteristics and definitions,

- (ii) supply analysis,
 - (iii) demand analysis,
 - (iv) use of market analysis;
- 2. highest and best use:
 - (i) test constraints,
 - (ii) application of highest and best use,
 - (iii) special considerations,
 - (iv) market analysis,
 - (v) case studies.
- (j) Courses on general appraiser sales comparison approaches, which include, but are not limited to the following course topics:
 - 1. value principles;
 - 2. procedures;
 - 3. identification and measurement of adjustments;
 - 4. reconciliation;
 - 5. case studies.
- (k) Courses on general appraiser site valuation and cost approach, which include, but are not limited to the following course topics:
 - 1. site valuation:
 - (i) methods,
 - (ii) case studies;
 - 2. cost approach:
 - (i) concepts and definitions,
 - (ii) replacement/reproduction cost new,
 - (iii) accrued depreciation,
 - (iv) methods of estimating accrued depreciation,
 - (v) case studies.
- (l) Courses on general appraiser income approach, which include, but are not limited to the following course topics:

1. overview;
 2. compound interest;
 3. lease analysis;
 4. vacancy and collection loss;
 5. estimating operating expenses and reserves;
 6. reconstructed income and expense statement;
 7. tabilized net operating income estimate;
 8. direct capitalization;
 9. discounted cash flow;
 10. yield capitalization;
 11. partial interests;
 12. case studies.
- (m) Courses on general appraiser report writing and case studies, which include, but are not limited to the following course topics:
1. writing and reasoning skills;
 2. common writing problems;
 3. report options and USPAP compliance;
 4. case studies.
- (n) The fifteen (15) hour National USPAP course or its equivalent, which include, but are not limited to the following course topics:
1. Preamble and Ethics Rules;
 2. Standard 1;
 3. Standard 2;
 4. Standards 3 to 10;
 5. Statements and Advisory Opinions.
- (2) If appropriate, the Commission may grant partial credit for courses that cover one (1) or more modules.
- (3) Unacceptable Courses. Examples of some courses that are not eligible for approval of qualifying education, but could be acceptable for continuing education are listed below.

The following list does not represent all of the courses which are not acceptable for qualifying education:

- (a) Courses which focus all or a majority of their instruction on only one (1) comparatively narrow aspect of real estate appraising and which examine that one (1) aspect in depth. Examples are:
 - 1. estimating building costs;
 - 2. estimating accrued depreciation;
 - 3. cash equivalency;
 - 4. use of financial calculators in appraising;
 - 5. subdivision analysis; and
 - 6. valuation of partial interests.
 - (b) Courses which focus primarily on advanced concepts/methods, a specialized aspect of real estate appraising, or appraising one specific type of property. Example of these types of courses are those which focus primarily on the following topics:
 - 1. real estate investment analysis;
 - 2. feasibility analysis;
 - 3. condemnation appraising/right of way appraising;
 - 4. review appraising;
 - 5. mass appraisal;
 - 6. litigation/testifying as an expert witness;
 - 7. appraising condominiums;
 - 8. appraising manufactured housing;
 - 9. appraising office buildings;
 - 10. appraising farms;
 - 11. appraising land; and
 - 12. appraising machinery and equipment.
 - (c) Courses intended specifically to prepare students for a real estate appraisal licensure/certification examination.
- (4) Qualifications of Instructors for Qualifying Education.
- (a) At least one of the course instructors for the National Uniform Standards of Professional Appraisal Practice Course shall be Appraiser Qualifications

Board Certified instructor who is also a state certified residential real estate appraiser or state certified general real estate appraiser.

- (b) The instructor shall not have been disciplined by any licensing or certifying body in any manner. For purposes of this rule “disciplined” means any order containing a finding of improper conduct by the instructor. An instructor may make a written request to the Commission to have this restriction waived. The Commission shall consider the request and the Commission may grant or deny the request based on the discretion of the Commission.
- (c) The Course owner/affiliated entity shall have a written policy regarding instructor qualifications that requires the use of instructors who satisfy at least one (1) of the following qualification requirements:
 - 1. a baccalaureate degree in any field and three (3) years of experience directly related to the subject matter taught; or
 - 2. a master’s degree in any field and one (1) year of experience directly related to the subject matter taught; or
 - 3. a masters or higher degree in a field that is directly related to the subject matter taught; or
 - 4. five (5) years of real estate appraisal teaching experience directly related to the subject matter taught; or
 - 5. seven (7) years of real estate appraisal experience directly related to the subject matter taught.
 - 6. Except for the seven (7) hour and fifteen (15) hour National Uniform Standards of Professional Appraisal Practice Courses, the instructor must have authored, developed or taken the course or its equivalent prior to teaching and shall provide the Commission with evidence thereof. For the purposes of the seven (7) hour and the fifteen (15) hour National Uniform Standards of Professional Appraisal Practice Courses, the instructor must be certified by the Appraiser Qualifications Board and be a state certified real estate appraiser.

Authority: T.C.A. §§ 62-39-203, 62-39-204 and 62-39-333.

Rule 1255-02-.08 Course Content Guidelines-Continuing Education is amended by renumbering it rule 1255-02-.06.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Paragraph (4) of rule 1255-02-.06 Course Content Guidelines-Continuing Education is amended by deleting the text of the paragraph in its entirety and substituting instead the following language, so that, as amended, paragraph (4) of rule 1255-02-.06 shall read:

- (4) These guidelines provide examples of topics that are considered to be either acceptable or unacceptable. These lists are not all-inclusive and are included for illustrative purposes to assist education providers in understanding the course content requirements under this program.

- (a) Acceptable real estate appraisal topics include, but are not limited to, the following:
1. ad valorem taxation;
 2. appraisal arbitration, dispute resolution;
 3. courses related to the practice of real estate appraisal or consulting;
 4. development cost estimating;
 5. ethics and standards of professional practice, USPAP;
 6. land use planning, zoning;
 7. management, leasing, timesharing;
 8. property development, partial interests;
 9. real estate law, easements, and legal interests;
 10. real estate litigation, damages, condemnation;
 11. real estate financing and investment;
 12. real estate appraisal related computer applications; and/or
 13. real estate securities and syndication.
- (b) Unacceptable real estate topics include the following:
1. real estate fundamentals;
 2. real estate sales (and related topics);
 3. real estate license law;
 4. agency law.
 5. business topics:
 - (i) advertising/marketing;
 - (ii) bookkeeping;
 - (iii) business administration;
 - (iv) business law;
 - (v) computer principles/programming systems;
 - (vi) office management/systems;
 - (vii) personnel management;

- (viii) principles of management; and
 - (ix) typing/word processing.
- 6. personal development topics:
 - (i) communications (oral or written);
 - (ii) interpersonal communications;
 - (iii) memory improvement;
 - (iv) public speaking;
 - (v) speed reading;
 - (vi) stress management;
 - (vii) time management.
- 7. other topics:
 - (i) appraiser examination preparation.

Authority: T.C.A. §§62-39-203, 62-39-204 and 62-39-333.

Rule 1255-02-.09 Records is amended by renumbering it rule 1255-02-.07.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Rule 1255-02-.10 Inspections is amended by renumbering it rule 1255-02-.08.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Rule 1255-02-.11 Changes in Applications is amended by renumbering it rule 1255-02-.09.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Rule 1255-02-.12 Withdrawal of Approval is amended by renumbering it rule 1255-02-.10.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Rule 1255-02-.13 Promotional Material is amended by renumbering it rule 1255-02-.11.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Rule 1255-02-.14 Repetition of Course Content is amended by renumbering it rule 1255-02-.12.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Rule 1255-02-.15 Fees is amended by renumbering it rule 1255-02-.13.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Rule 1255-02-.16 Individual Review is amended by renumbering it rule 1255-02-.14.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Chapter 1255-03
Evaluation of Appraisal Experience

Amendments

Rule 1255-03-.02 Hourly Credit Guidelines is amended by renumbering it as rule 1255-03-.01 and by deleting the text of the rule in its entirety and substituting instead the following language, so that, as amended, the rule shall read:

1255-03-.01 Hourly Credit Guidelines.

- (1) The Commission shall grant a maximum credit for experience as follows:

Hours

(a) Residential:

- | | | |
|----|--|----|
| 1. | single-family (one (1) unit dwelling) | 8 |
| 2. | multi-family (two (2) to four (4) units) | 15 |
| 3. | vacant land (less than ten (10) acres) | 5 |
| 4. | vacant land from ten (10) acres to two hundred fifty (250) acres | 15 |
| 5. | vacant land over two hundred fifty (250) acres | 30 |
| 6. | subdivision sites (per site) (not to exceed fifty (50) hours) | 5 |

- (b) Land: undeveloped non-residential tracts, residential multi-family sites, commercial sites, industrial sites, land in transition, etc. 20

(c) Rural/Agricultural:

- | | | |
|----|--|----|
| 1. | Ten (10) to two hundred fifty (250) acres | 20 |
| 2. | Two hundred fifty (250) to one thousand (1,000) acres with improvements. | 30 |
| 3. | Two hundred fifty (250) or more without improvements. | 30 |
| 4. | Over one thousand (1,000) acres with improvements. | 40 |
| 5. | An additional twenty (20) hours credit will be awarded for specialty property. "Specialty" means agricultural income-producing operations such as orchards, dairies, minerals, granary, livestock, hog barns, etc. | |

- (d) Residential Multi-Family (five (5) to twelve (12) Units): Apartments, condominiums, townhouses, and manufactured homes. 35
 - (e) Residential Multi-Family (thirteen or more (13 +) Units): Apartments, condominiums, townhouses, and mobile home parks (add ten (10) hours for proposed project projections). 50
 - (f) Commercial Single-Tenant: Office building, retail store, restaurant, service station, bank, day care center, etc. 35
 - (g) Commercial Multi-Tenant: Office building, shopping center, hotel, etc. (add ten (10) hours for proposed project projections). 60
 - (h) Industrial: Warehouse, manufacturing plant, etc. 50
 - (i) Institutional: Nursing home, hospital, school, church, government building, etc. 50
- (2) The Commission shall grant thirty percent (30%) of the maximum experience hours allotted for the specified property type for exterior only inspection appraisals or appraisal assignments requiring no inspection of the subject property. No experience credit shall be given for evaluations.
 - (3) The Commission may award credit for hours of appraisal experience for the appraisal of other types of real property not listed. The Commission shall, on an individual basis, determine the amount of credit to be awarded for such appraisals based on information provided.
 - (4) The Commission may award credit on an individual basis for real estate counseling, highest and best use analysis and feasibility analysis, based upon a written request by the applicant.
 - (5) In appropriate circumstances, the Commission may grant partial or whole credit for demonstration reports. No more than twenty-five percent (25%) of the experience requirement may be obtained through demonstration reports from AQB approved case study courses or practicum courses.

Authority: T.C.A. §§62-39-203, 62-39-204, 62-39-313, 62-39-329 and 62-39-333.

Rule 1255-03-.03 Criteria for Standard and Review Appraisal Experience is amended by renumbering it as rule 1255-03-.02.

Authority: T.C.A. §§ 62-39-203 and 62-39-204.

Paragraph (1) of Rule 1255-03-.02 Criteria for Standard and Review Appraisal Experience is amended by deleting the text of the part in its entirety and substituting instead the following language, so that, as amended, paragraph (1) shall read:

- (1) Acceptable Experience.
 - (a) The Commission may award varying amounts of credit depending upon whether a Standard Appraisal, Condemnation, Review Appraisal or Mass Appraisal was performed.
 - 1. Standard Appraisal: If the applicant performed at least fifty percent (50%) of the work associated with an appraisal (including preparation

and development of the appraisal report), then the Commission shall grant full credit for that appraisal, even if this work was reviewed by a supervising appraiser who signed the appraisal report. Except as provided below for "review appraisals," credit will not be granted for appraisals where an applicant performed less than fifty percent (50%) of the work.

Authority: T.C.A. §§62-39-203, 62-39-204, 62-39-313, 62-39-329 and 62-39-333.

Part 4 of subparagraph (a) of paragraph (1) of Rule 1255-03-.02 Criteria for Standard and Review Appraisal Experience is amended by deleting the text of the part in its entirety and substituting instead the following language, so that, as amended, part 4 of subparagraph (a) of paragraph (1) of rule 1255-03-.02 shall read:

4. Mass Appraisals.

- (i) The Commission shall grant experience credit to appraisers who perform mass appraisals in compliance with Standard Six of Uniform Standards of Professional Appraisal Practice and who demonstrate that they:
 - (I) use techniques to value properties similar to those used by appraisers practicing under Uniform Standards of Professional Appraisal Practice Standard One; and
 - (II) effectively use the appraisal process as referenced in the Guidelines of Standard Six of the Uniform Standards of Professional Appraisal Practice.
- (ii) Properties which conform to the preceding definitions should be credited for fifty percent (50%) of the hours normally allotted for the appraisal.

Authority: T.C.A. §§62-39-203, 62-39-204, 62-39-312, 62-39-329 and 62-39-333.

Chapter 1255-04
Continuing Education

Amendments

Rule 1255-04-.01 Continuing Education is amended by deleting the text of the rule in its entirety and substituting instead the following language, so that, as amended, the rule shall read:

1255-04-.01 Continuing Education.

- (1) As a prerequisite to renewal of a real estate appraiser license or certificate, the licensee or certificate holder shall complete at least twenty-eight (28) hours of continuing education instruction approved by the Commission during each renewal period, which is every two (2) years (hereinafter "continuing education").
 - (a) A course hour is defined as fifty (50) minutes of teaching out of each sixty (60) minute segment.

- (b) The Commission will grant credit toward the continuing education requirement only where the length of the educational offering is at least two (2) hours.
 - (c) A state licensed, state certified residential or a state certified general real estate appraiser may obtain credit for the continuing education requirement from the following:
 - 1. colleges or universities;
 - 2. community or junior colleges;
 - 3. real estate appraisal or real estate related organizations;
 - 4. state or federal agencies or commissions;
 - 5. proprietary schools; or
 - 6. other providers approved by the Commission.
 - (d) The Commission may grant credit for educational offerings which cover real estate appraisal related topics, such as the following, which are consistent with the purpose of continuing education:
 - 1. ad valorem taxation;
 - 2. arbitration, dispute resolution;
 - 3. courses related to practice of real estate appraisal or consulting;
 - 4. development cost estimating;
 - 5. ethics and standards of professional practice, USPAP;
 - 6. land use planning, zoning, taxation;
 - 7. management, leasing, timesharing;
 - 8. property development, partial interests;
 - 9. real estate law, easements, and legal interests;
 - 10. real estate litigation, damages, condemnation;
 - 11. real estate financing and investment;
 - 12. real estate appraisal related computer applications; and/or
 - 13. real estate securities and syndication.
- (2) All licensees and certificate holders shall successfully complete the seven (7)-hour National Uniform Standards of Professional Appraisal Practice Update Course, or its equivalent, a minimum of once every two (2) years. Equivalency shall be determined through the Appraisal Qualifications Board Course Approval Program. The seven (7)-hour National Instructor Recertification Course for Uniform Standards of Professional

Appraisal Practice shall fulfill the seven (7) hour continuing education requirement for AQB approved instructors of the National Uniform Standards of Professional Appraisal Practice.

- (3) The Commission shall grant continuing education credit for the National Uniform Standards of Professional Appraisal Practice Update Course only when at least one of the instructors is an Appraiser Qualifications Board Certified Instructor and a state certified general or residential real estate appraiser.
- (4) The Commission shall grant continuing education credit for any course that a licensee has taken more than once if the course has undergone a significant update or if the licensee has not taken the course in the last five (5) years.
- (5) Seminars.
 - (a) The Commission may offer seminars to the licensees for which fees, as appropriate, may be collected to cover costs.
 - (b) These seminars may be used by the licensees for continuing education credit.
 - (c) These seminars may include, but are not limited to the following subjects: laws and rules, policies and Uniform Standards of Professional Appraisal Practice.
- (6) The purpose of continuing education is to ensure that the appraiser participates in a program that maintains and increases his or her skill, knowledge and competency in real estate appraisal.

Authority: T.C.A. §§62-39-203, 62-39-204, 62-39-206, 62-39-306, 62-39-325 and 62-39-333.

Chapter 1255-05 Standards of Professional Practice

Amendments

Rule 1255-05-.01 Uniform Standards of Appraisal Practice is amended by deleting the text of the rule in its entirety and substituting instead the following language, so that, as amended, the rule shall read:

1255-05-.01 Uniform Standards of Appraisal Practice.

- (1) The Tennessee Real Estate Appraiser Commission adopts by reference the most current edition of the "Uniform Standards of Professional Appraisal Practice" as published and modified from time to time by the Appraisal Standards Board of The Appraisal Foundation.
 - (a) Unless otherwise provided by applicable law or rule, the provisions of this chapter shall apply to any person holding a license or certificate as a licensed real estate appraiser, certified residential real estate appraiser, or certified general real estate appraiser in this state.
 - (b) In addition, rule 1255-05-.02 Civil Penalties, paragraph (2) through (4), shall apply to any person required to hold a license or certificate to engage in the

practice of real estate appraisal in this state, regardless of whether such person has actually obtained such license or certificate.

- (2) Unless otherwise provided by applicable law or rule, the holder of a license or certificate as a licensed real estate appraiser, certified residential real estate appraiser or certified general real estate appraiser shall at all times comply with the "Uniform Standards of Professional Appraisal Practice" that are in effect at the time the services are performed.
- (3) An appraiser shall state and prominently place on the face of the appraisal report the type of report format.
- (4) An appraiser shall identify all persons providing material assistance in the appraisal report in compliance with the Uniform Standards of Professional Appraisal Practice.
- (5) An appraiser shall sign each written appraisal report relating to real property in this state that he or she prepares, in accordance with the Uniform Standards of Professional Appraisal Practice. The appraiser shall not affix his or her signature to any written appraisal report relating to real property in this state which was not prepared under the appraiser's direct supervision.
- (6) Failure to take the seven (7) hour National Uniform Standards of Professional Appraisal Practice Course at least once every two (2) years as defined and required by rule 1255-04-.01(2) constitutes grounds for revocation, suspension or restriction of any license or certificate issued by the Commission and/or the imposition of civil penalties of up to one thousand dollars (\$1,000.00) per violation, or otherwise disciplinary action in accordance with applicable law and rule, pursuant to Tenn. Code Ann. § 62-39-326. Teaching a course in the Uniform Standards of Professional Appraisal Practice will not be considered compliance with this requirement. The seven (7) hour National Instructor Recertification Course for Uniform Standards of Professional Appraisal Practice shall fulfill the seven (7) hour continuing education requirement for AQB approved instructors of the National Uniform Standards of Professional Appraisal Practice.
- (7) Failure to comply with the Uniform Standard of Professional Appraisal Practice constitutes grounds for the revocation, suspension or restriction of any license or certificate issued by the commission and/or imposition of civil penalties pursuant to Tenn. Code Ann. §62-39-326.

Authority: T.C.A. §§62-39-203, 62-39-204, 62-39-326, 62-39-329, 62-39-333 and 56-1-308.

Chapter 1255-07 Inactive Status

Amendments

Rule 1255-07-.01 Inactive Status is amended by deleting the text of the rule in its entirety and substituting instead the following language, so that, as amended, the rule shall read:

1255-07-.01 Inactive Status.

- (1) A licensee or certificate holder shall submit an application obtained from the Commission office accompanied by a twenty-five dollar (\$25.00) fee for a change of status to place his or her license or certificate in inactive status. A license or certificate holder in inactive status shall continue to pay the one hundred dollar (\$100.00) biennial renewal fee. A licensee or certificate holder shall also submit an application to place his or her license or certificate back in active status.
- (2) An inactive license or certificate holder may not engage in any real estate appraisal activity or make any misrepresentation of his or her status. Any violation of this paragraph constitutes grounds for discipline pursuant to Tenn. Code Ann. §62-39-326.
- (3) In order for a licensee or certificate holder to reactivate his or her license or certificate from an inactive status to an active status, he or she shall pay a fee of twenty-five dollars (\$25.00) plus all applicable fees and shall also present proof of having completed a minimum of the seven (7) hour National Uniform Standards of Professional Appraisal Practice Course within the preceding two (2) years, in addition to the required cumulative continuing education for the entire lapsed period.

Authority: T.C.A. §§ 62-39-203, 62-39-204 and 62-39-206.

The notice of rulemaking set out herein was properly filed in the Department of State on the 30th day of March, 2007. (FS 03-49-07, DBID 606 through 612)